

AN ADVISORY SERVICES PANEL REPORT

San Pedro, California



Urban Land
Institute

San Pedro, California

A Redevelopment Plan for the Downtown and Waterfront

September 22–27, 2002
An Advisory Services Panel Report

ULI—the Urban Land Institute
1025 Thomas Jefferson Street, N.W.
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About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 17,000 members and associates from 60 countries, representing the entire spectrum of the land use and development disciplines. Professionals rep-

resented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan
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About ULI Advisory Services

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI panel teams are interdisciplinary and typically include several developers, a landscape architect, a planner, a market analyst, a finance expert, and others with the niche expertise needed to address a given project. ULI teams provide a holistic look at development problems. Each panel is chaired by a respected ULI member with previous panel experience.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day and a half of hour-long interviews of typically 80 to 100 key community representatives; and a day and a half of formulating recommendations. Many long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the request of the sponsor, a written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet

with key local community members and stakeholders in the project under consideration, participants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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Foreword: The Panel's Assignment

“Make only bold plans” has been the battle cry of many visionary planners. Over the past decade, the San Pedro, California, waterfront and downtown have been the subject of numerous plans—some bold, some less so. Collectively, these plans do not “connect,” and many of them are in direct conflict with each other. The challenge for San Pedro—the community, its waterfront, and the city of Los Angeles—is to consolidate and connect these plans into a framework for unified development of the waterfront and downtown.

San Pedro has a rich and robust history as the port community of Los Angeles. After years of planning for the individual segments of the community, the ULI panel's mission was straightforward: to forge an integrated, action-oriented plan to reconnect the community with its waterfront, while meeting the many quality-of-life objectives of the community and the ongoing business and economic operations of its longstanding partner in the community's economic destiny—the Port of Los Angeles.

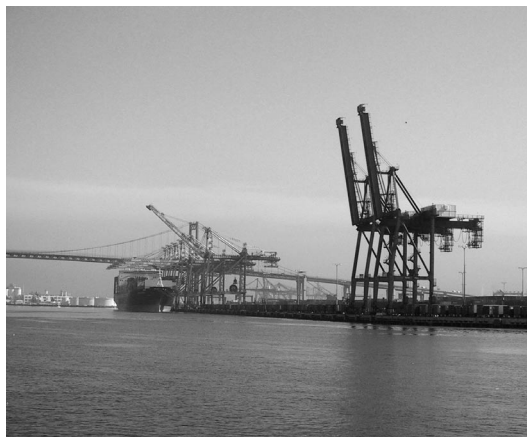
Community Background

Part of the city of Los Angeles, the waterfront community of San Pedro is home to one of the world's busiest harbors, the Port of Los Angeles. Increasing international trade has sustained shipping volume at the port, while industrial activities such as oil refining benefit from long-established infrastructure, a skilled workforce, and access to national and regional markets.

Even though the port has expanded significantly over the past three decades, San Pedro's downtown commercial district and nearby residential areas have not. They have been affected by the same economic and social changes shaping central urban areas throughout the country. Currently, the central business district is in continuing tran-



Location map.



Cranes and a ship docked at the Port of Los Angeles, with the Vincent Thomas Bridge in the background.



Regional map.

sition with a surrounding neighborhood of very low- to moderate-income residents and nearby moderate- to high-income residential areas.

Through its Community Redevelopment Agency (CRA), the city of Los Angeles established two revitalization areas: the Beacon Street Project Area in 1969 and the Pacific Corridor Redevelopment Area in 2002. The tight urban fabric of the Beacon Street area, a longstanding city district along Harbor Boulevard, was cleared for redevelopment during the 1970s. This clearance, together with the expansion of the port facilities, replaced a longstanding urban district along Harbor Boulevard with a large vacant area that disconnected the downtown from the waterfront.

Office and retail vacancies in the Beacon Street area remain high, 30 years after clearance. A centrally located, multistory office building, known as the old Logicon Building or the Pacific Trade Cen-

ter, has been vacant for the past ten years. Moreover, a highly visible downtown parcel, H-2, has been vacant since the 1970s.

In the central business district, local retail establishments gradually closed and were first replaced by thrift shops and other budget stores. Pioneering coffee shops, restaurants, art galleries, and professional offices are now replacing them. A Los Angeles County Courthouse, the Harbor Department Headquarters, and other municipal and private offices now anchor the downtown, creating an important component of weekday business activity. Private developers have restored a number of attractive historic buildings and many of these downtown sites, including the restored landmark Warner Grand Theater, are frequently used for movie and television location shoots.

Pacific Avenue, the commercial core of the Pacific Corridor area, has local services such as mechanics, barbershops, locksmiths, appliance stores, and banks. These commercial entities extend for 20 blocks in a business corridor that is distinct from the central downtown district.

The Waterfront

Stretching four miles from the Vincent Thomas Bridge to the Cabrillo Beach breakwater, the San Pedro waterfront is adjacent to the downtown and residential areas. Under the jurisdiction of the Los Angeles Harbor Department, the waterfront contains a variety of active maritime-related uses, two museums, several marinas, and a heavily used public beach and boat launch. The fishing fleet and related support activities remain an important feature, although much less so than during their peak almost 50 years ago. In addition, there are isolated areas of successful visitor-oriented commercial enterprise, industrial sites, and abandoned, vacant, or underutilized sites.

Other important features include a very busy Cruise Center, the Ports O' Call Village commercial development, and a modern marina. Plans for expansion of the marina as part of Cabrillo Phase II are now under consideration. The Ports O' Call properties are operated by a limited number of leaseholders under a master lease within a long-

term agreement. The Harbor Department controls the southern segment of Ports O' Call.

As San Pedro was slow to experience the urban renaissance that took root in many central cities and waterfronts during the 1990s, the port and the CRA pursued more intense planning and development initiatives independent of one another. These efforts resulted in a series of unrealized plans and failed public/private ventures. In 1999, a memorandum of understanding between the Harbor Department and the CRA was signed to coordinate downtown and waterfront development. However, the relationship envisioned by this agreement has not been achieved, as the two agencies were unable to establish an effective working relationship.

Renewed Emphasis

In June 2001, Mayor James K. Hahn and Councilwoman Janice Hahn, both residents of San Pedro, entered office, creating a renewed sense of optimism, cooperation, and opportunity. Currently, local elected officials and community stakeholders share a strong interest in creating a broad consensus for transforming the downtown and the waterfront.

San Pedro has three active neighborhood councils, all of which are interested in downtown and waterfront redevelopment efforts. These councils provide an opportunity for local community participation in the decisions of the city of Los Angeles. In



Ports O' Call Village.

addition, the Port Community Advisory Committee, representing a range of business, labor, and community groups, serves as an advisory body to the Harbor Department Board of Commissioners. The CRA's decisions concerning downtown San Pedro are guided by input provided by the Port Community Advisory Committee.

A panel of community stakeholders developed plans for a waterfront Grand Promenade. In June 2002, the Harbor Commission approved the concept of the promenade. This promenade plan is set forth in the Waterfront Access Task Force for the Community and Harbor (WATCH) plan addressed later in this report.

Overview and Summary of Recommendations

The panel's approach focuses on providing prescriptive solutions that are intended to endure long after this report is published. To determine potential workable solutions, the panel has addressed not only the questions posed by the sponsors, but also, and perhaps more important, consciously has chosen to address what it believes is a realistic and actionable basis on which to proceed.

The Waterfront Is Not a Stand-Alone Issue

The panel is keenly aware that both passion and politics have been in the forefront in recent months. The panelists are deeply impressed with the level of community involvement and consensus that the WATCH plan has engendered. It is a credit to the San Pedro community that there is an active, heartfelt initiative to reconnect the community to its waterfront.

However, the panel is equally cognizant of the fact that the waterfront is not the sole issue affecting the San Pedro community. Other issues of concern include the following:

- maintaining the community's character;
- increasing public safety;
- achieving longstanding efforts to revitalize the downtown;
- finding acceptable housing solutions, both for the existing stock and for the introduction of new housing; and
- fostering economic prosperity by attracting employment opportunities and preserving the community's standard of living.

All these issues and more are ones that have been often repeated in the various planning documents the panel has reviewed as well as during the more

than 75 interviews the panel conducted while on site.

In the panel's opinion, singularly focusing on the waterfront and the Grand Promenade is extraordinarily risky. The concept of the Grand Promenade itself is powerful, and undeniable in its basic merit. A singular or myopic focus on the Grand Promenade as "the solution" for San Pedro, however, is far too narrow in the panel's view. The panel strongly endorses the concept of the Grand Promenade—extending from bridge to breakwater. On the other hand, the panel has serious reservations concerning the specific plan presented in the WATCH plan as it incorporates much of the existing land uses and the arrangement of uses along San Pedro's community waterfront.

Similarly, the expressed belief that the Port of Los Angeles is the singular problem of the community strikes the panel as too facile. To the panel, it seems undeniable that the port and the San Pedro community in fact have been longstanding partners in each other's destiny and economic welfare. The notion that the port "owes" the San Pedro community economic "reparations" for its alleged ills over the past 100 years seems strange and misplaced to the panel.

Neither endorsing nor condemning the port, the panel starts its work with the understanding that the San Pedro community and the port have been and will continue to be linked in a common destiny.

Despite the strong linkages between the port and the San Pedro community, there has been a growing gap in their respective economic conditions over the past 30 years. The loss of the shipbuilding industry, and the demise of the southern California fishing fleet and the canneries that both were once an integral part of the San Pedro waterfront, are often cited as reasons. At the same time, the port has responded to evolving global market conditions and opportunities with steadily increased

containerization and the continuing growth and popularity of the cruise ship industry. All of this is, of course, old news to the San Pedro community.

Equally old news is the deterioration of the central core of the downtown and the once-thriving local service retail establishments along Sixth and Seventh streets and Pacific Avenue. Similar declines in retail occupancies have occurred along the waterfront on port-owned property, specifically at the Ports O' Call Village.

The panel has examined the market issues—which will be addressed in more detail later in this report—and concluded that market and development opportunities indeed exist. They do not, however, involve the restoration of the old, nor do they entail the introduction of a major base of national chain retailers. The size of the market base limits the scope of the retail that is realistically supportable in the community.

In contrast, opportunities abound in the housing sector. It is clear that San Pedro is being discovered for its stock of entry-level housing (by southern California market standards) and its unique community character and scale. The panel was surprised to discover that, in a thriving, supply-deficient metropolitan market, so little new housing has been developed in the community and that the CRA's development plans (such as the Beacon Street Redevelopment Project) do not capitalize on this strong and readily available opportunity.

The community's underdeveloped tourism and recreational base also mystifies the panel. Cruise ship passenger traffic is steadily increasing at the port and many weekend "day-trippers" are attracted to the restaurants at the waterfront, yet there appear to be no strong efforts to expand on this opportunity. Signage pointing the way to the waterfront and other local attractions is poor or nonexistent. Few new facilities have been added and no attempts at "branding" the San Pedro community were evident during the panel's visit.

An obstacle to increasing tourism is the limited access to and the generally undermaintained character of the waterfront. That visitors find their way there in the face of confusing access, poorly maintained physical structures such as the Ports O' Call



Village, and virtually no attention to grounds maintenance is a testament to the powerful draw of the waterfront.

The Los Angeles Maritime Museum, viewed from the water.

In the panel's view, it is not a question of market potential or development opportunities. Though certainly not unlimited, clearly discernible opportunities are readily at hand. The panel believes the essential market-driven issues are the following:

- the need to improve access to and circulation within the community, including "gateway" entries at the northern and southern ends of the downtown area;
- the need to "unlock" real estate sites for development;
- the need for the adoption of high-quality development standards; and
- the need to invest—and to invest significantly—in public improvements that raise the quality and character of San Pedro's public areas in its downtown core and waterfront.

Development Issues and Opportunities

Though the issue of "gateways" into the downtown and waterfront areas is not within the panel's charge or study area, the panel strongly urges

community leaders to address it. If access and circulation are difficult, it will impede the development of key sites. An area of immediate need, it requires attention now, before new public and private development initiatives advance and then are constrained.

The Leadership Challenge

How to forge a cohesive, well-integrated framework for the successful development of the waterfront and the core downtown area is the challenge. At present, the City of Los Angeles Harbor Department controls the waterfront. The city's Community Redevelopment Agency has the mandate for two redevelopment areas: the original Beacon area and the more recently adopted Pacific Corridor area. The boundaries of these areas adjoin in some places, but they do not overlap. The combination of the boundary jurisdictional issues and the basic differences in organizational mission and style makes it understandable why a panel was requested. When the Harbor Watts Economic Development Corporation, the Port Community Advisory Committee, the San Pedro Downtown and Waterfront Task Force, neighborhood councils, the chamber of commerce, and business and labor unions are added to the mix, even more layers and interests emerge.

It would be easy to suggest yet another overarching organization or even an entity with specifically focused "joint powers" to address these issues. Yet, in the panel's opinion, what the community needs is to streamline and simplify.

This report provides two very specific recommendations regarding how to organizationally mobilize to implement the panel's key findings. These are:

- the creation of a new limited-purpose entity—the San Pedro Community Waterfront Trust—a nonprofit association whose sole purpose is to hold, improve, and maintain dedicated public lands on the waterfront, including a promenade for the use of all citizens; and
- the transformation of the San Pedro Downtown and Waterfront Task Force into a permanent organization to coordinate the implementation of waterfront and downtown development in San Pedro.

These recommendations are described in more detail in subsequent parts of this report. Additional suggestions include sharpening the focus, the methods of operation, and timetable of the two largest existing organizations—the Port of Los Angeles and the CRA—regarding directed development initiatives in the waterfront area and the core downtown.

There is an entrenched mosaic of organizations with direct responsibility for or tangible interests in the future direction of and development activities along the waterfront and in the adjoining core community "uplands." The panel's approach is simple: to build on the strengths of the existing organizations and to supplement only where there is a logical or unfilled need that is not likely to be well satisfied by existing institutions.

Market Potential

San Pedro's history as a port hub, a fishing village, and later as a live/work town dominated by the port is still in evidence as it has transformed into a multifaceted residential bedroom community. San Pedro's identity is still closely tied to the port.

In the context of the greater Los Angeles area, the port makes a tremendous economic impact throughout the region. International trade relations through the port are a vehicle for jobs, a source of direct revenue for the city of Los Angeles, and an important component of the California and U.S. economies. It is a symbiotic relationship in which both the port and the community of San Pedro dramatically benefit or suffer at each other's hands.

San Pedro is also connected to greater Los Angeles. Yet, San Pedro has not shared in the dynamic growth of the overall metropolitan area. With a population of 9.7 million, Los Angeles is now the largest city in the United States. The city has an unemployment rate of less than 5 percent, which fuels an ongoing demand for quality housing from an ever-rising tide of new residents flocking to a relatively healthy job base. San Pedro, however, has not captured its share of new residents or businesses. San Pedro commuters drive to military bases; office workers drive to downtown Los Angeles, Long Beach, Torrance, and other southern California business centers; and service workers drive to the airport. San Pedro is well located, providing residents with convenient access to the major employment centers in greater Los Angeles, but it is not positioned to capture the residential, retail, or office market overflow.

San Pedro's strengths are clear and marketable, and should be built upon. The town has interesting architecture and beautifully restored buildings, such as the Warner Grand Theater, a 1930s art deco movie theater that is often used as a set in the production of films. The museums, the Korean

Bell—given to Los Angeles in 1976 by South Korea to symbolize the friendship between the two countries—the ships, the fascinating visual show of a working port, the distinctive restaurants, and the flourishing arts community are assets that enhance the quality of life and define the character of this place. Most important, San Pedro has personality.

To recognize San Pedro's market potential is to embrace the fact that approximately 40 percent of San Pedro's residents are Hispanic and that this segment of the community is as integral to San Pedro as the Port of Los Angeles. Greater Los Angeles has nearly double the number of Hispanic residents of any other city in the nation—4.5 million. This demographic reality is reflected in the San Pedro community. Within walking distance of downtown, 68.5 percent of residents are Hispanic. The presence of this ethnic group continues San Pedro's rich history as the home of hardworking immigrant families. If the town's founding families and community leaders regard the Hispanic community as an obstacle, or regard it as irrelevant, then San Pedro will not realize its captive buying power.

Retail Market Conditions

San Pedro's downtown was once thriving, with family-owned businesses and destination retail at Ports O' Call Village at the harbor. As the composition of residents living in San Pedro changed, a radical transformation of the retail industry was happening simultaneously. San Pedro's history as a fishing village and a company town dominated by harbor workers gave way as immigrants moved in and low-income housing was built, and affluent second- and third-generation residents, seeking a suburban lifestyle, crossed Western Avenue.

Downtowns in every city across the country lost customers to malls as the population shifted to



There are interesting architecture and beautifully restored buildings in downtown San Pedro, such as the Warner Grand Theater.

Representing diverse atmospheres and clienteles, restaurants such as Papadakis Taverna (shown here), the Fish Market, the Whale & Ale, Ante's Croatian Restaurant, and Sacred Grounds coffee shop could not be re-created elsewhere.



suburbs. Nowadays, as American lifestyles continue to change, malls are feeling the squeeze from big-box retail, with Wal-Mart leading the charge.

San Pedro's average household income is below the national average. Nonetheless, approximately half of all residents within walking distance of downtown have household incomes more than \$50,000 and 41 percent are white-collar workers. Also, upscale city singles between 25 to 35 years of age have discovered San Pedro, finding it an attractive and fun place to live.

San Pedro is growing at less than 1 percent a year. It is not declining, nor is it surrounded by outward growth away from town. High-income growth is creeping ever slowly around the edges of Western Avenue, along the coast, and inward.

Retail Strengths

Existing retailers in downtown San Pedro can provide a base upon which to reestablish the business district as a pedestrian destination. For this to happen, the area needs to be repositioned as a boutique shopping area, with specialty tenants catering to tourists and local residents beyond Gaffey Street. Currently, foot traffic from the waterfront to downtown is not significant. San Pedro's downtown can be tied to its waterfront, provided that waterfront retail uses are complementary and enhance the overall San Pedro retail experience.

Downtown lies outside San Pedro's main traffic corridors—Gaffey Street and Pacific Avenue. Its restaurants and stores are visited as destinations

or because of the cross-flow of pedestrian traffic. Major retailers that serve moderate-income patrons can capture this the market more effectively on Gaffey Street than on Seventh Street. Tourist-oriented retail can capture cruise ship travelers most effectively at the waterfront, especially if it is located in a pleasant, open departure area. Therefore, if downtown is going to be revitalized into a vibrant, active destination, the chamber of commerce must coordinate planning, marketing, and management efforts with the port.

Authentic Anchors

San Pedro's restaurants are core retail anchors. The unique and friendly gathering places that feature ethnic foods constitute an advantage for San Pedro in the competition with predictable chain restaurants. With their diverse atmospheres and clienteles, restaurants such as Papadakis Taverna, the Fish Market, Whale & Ale, Ante's Croatian Restaurant, and Sacred Grounds coffee shop could not be re-created elsewhere.

Successful restaurants in San Pedro add to the authenticity, character, depth, and allure of the retail environment. They are also pivotal to attracting customers from the cruise ships, from the other side of Western Avenue, and from throughout the greater Los Angeles area. Ports O' Call Village is obsolete, yet 72 percent of San Pedro's residents say it has good restaurants. No trendy themed chain restaurant is better for San Pedro's retail market position than its long-term, family-owned and -operated gathering places. San Pedro can build upon this traditional legacy. Indeed, the seemingly strong sales volumes of the existing restaurants are the most credible marketing tool available for attracting significant upscale retailers.

Because the city is blessed with a vibrant arts community, San Pedro's galleries also are leading the way to creating a unique retail destination. The area across from the Los Angeles County Courthouse shows what first needs to happen for the downtown to rebuild into a pedestrian-friendly retail corridor. Downtown merchants that serve niche lifestyle interests, such as the local wine shop, can draw from both area residents and tourists,

luring them from the concentration of entertainment uses and restaurants at the port.

Attracting Retailers

Upscale retailers seek locations where they can hit the bull's-eye of maximum density of high-income residents. These retailers view San Pedro from the context of covering the Los Angeles market. San Pedro's residential market is not yet strong enough to justify a retailer to open a separate location on this peninsula, and the tourist market has not been established to effectively compete with the destination offerings in Long Beach. For example, when a Border's Books & Music or a Barnes & Noble evaluates the greater Los Angeles market, it zeroes in on how to locate closest to the greatest volume of college-educated, high-income households with high purchase rates.

In the absence of ideal locations within the strongest residential base, retailers locate where other retailers are already achieving high sales volumes. San Pedro does not yet have the residential or the tourist base to support retail as the lead economic revitalization tool. However, population and income growth signals to retailers that an opportunity to locate in an up-and-coming residential and tourist market exists. By revitalizing its housing stock and welcoming new residents, San Pedro will be taking powerful steps toward effecting retail economic development.

Retail revitalization from the inside out is more likely to be successful in San Pedro because it is already slowly happening. Business incentive programs to encourage startups should be in place to foster entrepreneurship and to stimulate demand among potential tenants for vacant space downtown and at the waterfront. Vacant buildings around downtown and in view of the connection between the waterfront and downtown may be prime retail locations one day. Funds to purchase and provide buildout expenses and financing for key locations to connect downtown to the waterfront should be considered.

Operations and Management

Curb appeal is difficult to maintain in a retail environment filled with public streets and independent

owners. To the extent that retail in San Pedro can be treated as though it were investment property, managed, maintained, and operated as a cohesive shopping center, the prospects for attracting and retaining quality retailers will improve. Safety, cleanliness, consistent signage, frontage conditions, parking availability, and marketing cannot make a retail district successful, but their absence can cause it to fail.

Professional management would need to include walking safety patrols and the provision of frequently cleaned public restrooms. Training and quality audits for service, display, merchandising, and coordinated marketing programs would help to unify retailers. If the waterfront, local cultural attractions, and the downtown are marketed in unison, they will all benefit from the increased perception of critical mass and from cross traffic. Furthermore, the downtown district should be clearly demarcated at both of its entry points. There are no postcards, T-shirts, or coffee mugs emblazoned with images of San Pedro; it is not obvious how to best spend a day and a dollar in San Pedro.

Residential Market

Housing starts are an alternative tool retailers use to assess a market when sales volumes or demographics do not match spending power. The Los Angeles housing market is so undersupplied that national housing reports currently list the vacancy rate as "virtually none." Studies completed in 2002 for San Pedro estimate that the housing demand could support over 3,000 new units, yet



A picture-perfect postcard portrait of downtown San Pedro.

there may have been fewer than 350 net new units added in the past ten years. Only 27 permits were issued in 2001, with the first six months of 2002 on par with this pace.

Housing growth stimulates commercial growth. San Pedro's housing market is out of synch with the greater Los Angeles market. The residential buying power necessary to attract and support viable retail downtown and at the waterfront lies on the other side of Western Avenue. The development of market-rate infill housing in quantities large enough to counter the disproportionate share of low-income and special needs housing that has been allocated to San Pedro can happen only if there are parcels large enough to create an impact. An infusion of families to counter the negative perception of gangs and transients is possible only if the housing stock and the community are attractive and well maintained and there are adequate educational opportunities.

Office Market

With a 40 percent vacancy rate in the San Pedro office and industrial market area, office development is not recommended as a strategy for economic development at this time. Though not a priority, new office development constitutes a potential option if certain conditions are met. Responsible office development in today's economy involves preleasing or preselling to stable, credit-worthy businesses with the potential to provide livable-wage jobs for local residents.

Economic development recruiters could use tax incentives and other resources to attract large-footprint tenants who would gain some advantage by locating near the port. Potential tenants include vendors, suppliers, investors, lenders, services providers, and companies that already do business with the port. Relatively proximate to Los Angeles International and Long Beach airports, San Pedro is a commutable distance to other major employment centers in Los Angeles, providing an additional advantage to prospective office tenants.

Waterfront Vision: Authenticity

San Pedro's waterfront can and should be the catalyst for the community. There are numerous examples of successful waterfront projects all along the West Coast, indeed all over the world. Most of the successful uses are a combination of parks, public facilities, and commercial services.

An active container port does not preclude the potential for active recreational areas. Charleston, South Carolina, for example, is the second-largest container port on the East Coast; it also has become one of the nation's most upscale tourist destinations, celebrating its military, industrial, social, and architectural history. The most appropriate uses for San Pedro's waterfront are those that preserve the authenticity of this community, provide active recreational opportunities for residents, and offer retail uses and visual entertainment for cruise ship tourists.

In the panel's view, this is a working waterfront that can celebrate the harbor and its heritage. The waterfront should not become a sterile environment. It also should not be dominated by chain retailers that can be replicated at Long Beach or anywhere else.

The waterfront can be an economic engine in many ways. Because children constitute 25 percent of San Pedro's population, the waterfront needs to be a place where things can be touched and climbed on, and this fact should be reflected in any development plans. The following is a partial list of potential active and passive recreational, retail, and entertainment uses for development on port land:

- parks and trails;
- museums and aquariums;
- public art galleries;
- interpretive historical and educational opportunities;
- boating, windsurfing, and hang gliding;
- wildlife viewing;
- festival/staging;

- tourism-oriented retail and restaurants with outdoor seating;
- athletic facilities;
- fishing/fishing charters;
- retired naval ships, wrecks, and submarines;
- botanical gardens;
- a cooking school;
- carriage rides;
- a chapel;
- a band shell/amphitheater;
- markets—fish, produce, flowers, candy;
- a resort hotel;
- shipbuilding; and
- a marina/nautical shop/bass pro shop.

Planning and Design

Planning and design are central to many of the issues confronting the community of San Pedro, and they also provide potential solutions. The historical physical planning grid was an effective link to the oceanfront environment for early businesses and residents. Over time, industrial, port, and transportation uses have disconnected the waterfront from the historical downtown of San Pedro. Reclaiming the physical relationship between the San Pedro community and the waterfront is essential to physical revitalization, in the panel's opinion.

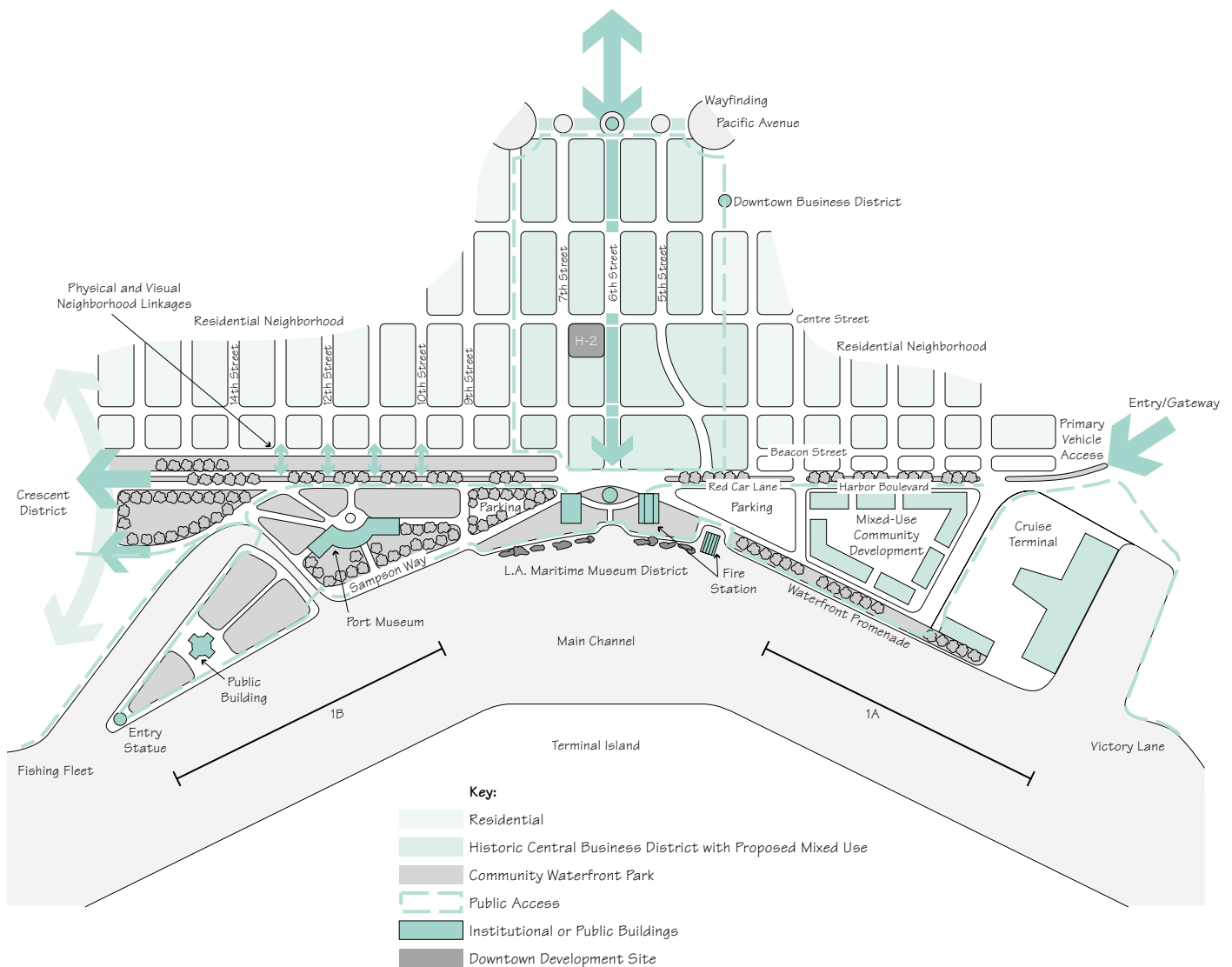
Numerous studies have been conducted over recent years. The Pacific Corridor Redevelopment Project Report, the Beacon Street Redevelopment Project, and even the San Pedro General Plan are all examples. The Pacific Corridor Redevelopment Project Report, adopted in May 2002, established a clear mission and comprehensive goals for most of the traditional downtown San Pedro community. Calling for neighborhood preservation and rehabilitation, it identifies thematic elements to tie the downtown to the harbor. These plans have been thoughtful, and many of the conclusions reached are similar to those of the panel. However, the planning process has been disconnected, with uneven implementation.

Recent visioning exercises through community workshops, and advisory groups have made significant progress in breaking down barriers among the various stakeholders. These efforts also have identified divergent opinions. It is time to build on the substantial consensus reached through studies like the WATCH plan and to continue to resolve points of contention. As the panel learned during its visit, the "alignment" of political interests and the desire of community members to trust one another, city institutions, and elected leaders have never been better.

Immediate planning initiatives should lay the foundation for the final implementation of the following:

- connect the downtown grid directly to the waterfront;
- introduce clear gateways to the community with wayfinding signage while establishing a strong entry along Harbor Boulevard;
- establish distinctive subdistricts along the promenade, including a cruise terminal, a maritime museum and civic center, a festival park, a fishing village, and a marina;
- create a new Crescent traditional neighborhood development;
- define the downtown commercial area, with Sixth Street as the "main street," Pacific Avenue as the "market street," and Seventh Street as the "artists' walk";
- establish "addresses" for residential neighborhoods and preserve and strengthen community connections;
- connect cultural amenities with open space and recreation resources;
- develop parcel H-2 as mixed-use downtown housing with ground-floor retail; and
- encourage residential infill.

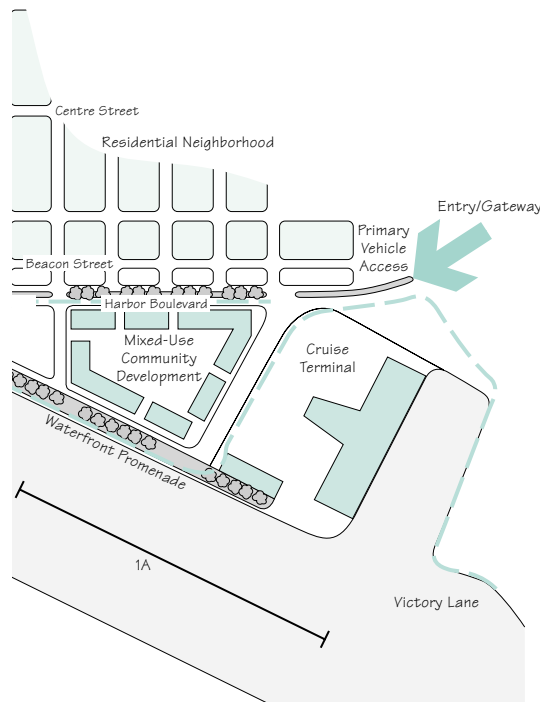
Clearly, the powerful concept of the promenade, engendered by the WATCH planning process, has established an effective symbol for opening access for the San Pedro community to the sea. The promenade concept allows for the introduction of a mix of compatible, nonindustrial uses, both public and private, along the waterfront, including recreation, retail, and restaurants as well as an expanded cruise terminal facility, a maritime museum, public art, and the commercial fishing village. To be successful, this concept can be implemented with consideration given to the following priorities:



North Opportunities
Diagram.

- Agree on the desirability and validity of the promenade—extending from bridge to break-water—to be implemented in a series of phases over the next decade.
- Begin detailed design of a specific section of the promenade immediately.
- Identify the right construction “starting point.” The portion of the promenade between the World Cruise Center and the Los Angeles Maritime Museum would provide significant synergy among the activities at the terminal, the museum, and the restaurants and shops downtown.
- Execute the first segment with skill and keen attention to detail. The quality of design and materials used will be critical.
- Ensure that this initial phase is concentrated and focused. Even though work might start on remediation, demolition, and construction at disconnected points along the promenade, the first new phase must deliver a clear, coherent scheme that stands on its own.
- Make the initial section work with improvements on Sixth and Seventh streets and Pacific

North Opportunities
Diagram Detail: District 1A.



Avenue to deliver a series of visual experiences that “tell the story” of San Pedro.

- Make the design flexible to overcome technical and operational impediments, such as access to ships.
- Deliver recognizable “districts” such as the suggested Downtown, Museum, and Crescent districts, adding variety to and unique signatures for each segment.
- Program the promenade to link existing resources such as the maritime museum, the aquarium, the fishing fleet, the beach, and the pier. These existing elements should be simultaneously improved and expanded.
- Maintain an appropriate civic character while delivering the unique, authentic experience of an active seaport with a significant historical legacy.
- Use the promenade and Angels Gate as icons to help establish a “San Pedro brand identity.”

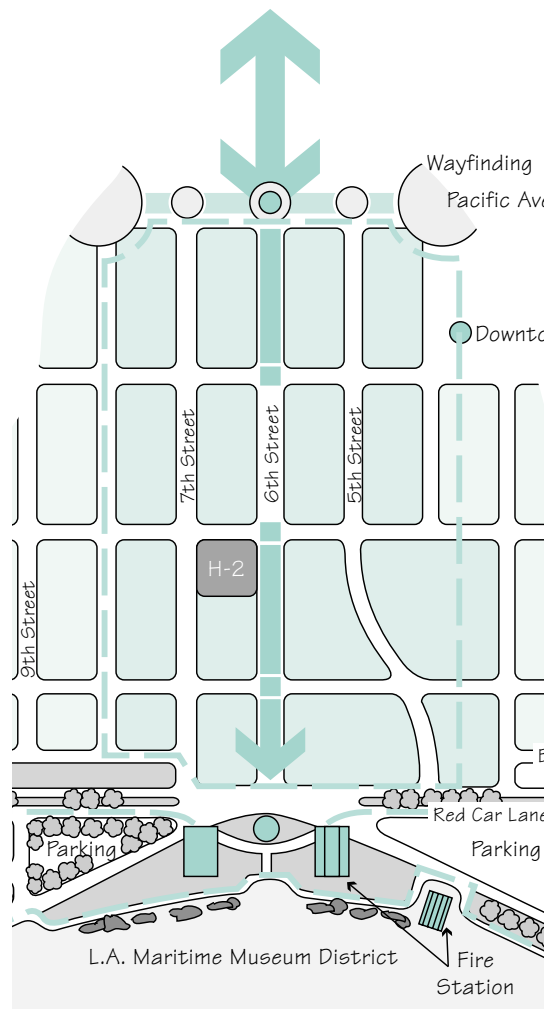
District Development Recommendations

In addressing the development of the waterfront, the panel has delineated the following development districts: District 1A, District 1B, the Museum District, and the Crescent District. For the panel’s purposes, the central business district runs from Harbor Boulevard to Pacific Avenue. The North Opportunities Diagrams (on pages 19, 20, and 21) delineate these districts and provide an overall view of the panel’s recommendations.

Separated from the downtown by Harbor Boulevard, District 1A stretches from approximately Third Street to the cruise terminal. For District 1A, the panel recommends:

- redeveloping Harbor Boulevard as a strong entry so that it does not cut off the downtown from the waterfront;
- developing a mixed-use project in the area south of the cruise terminal;
- internalizing the parking structures for the mixed-use development and the cruise terminal,

North Opportunities
Diagram Detail: District 1B.



lining the structures with commercial and retail uses to screen parking; and

- designing public access to the promenade and the waterfront that is sensitive to the security needs of the cruise terminal.

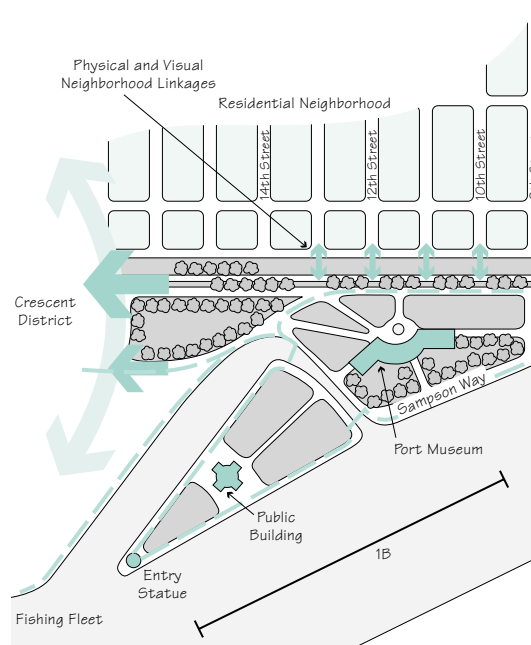
The Museum District encompasses the area surrounding the Los Angeles Maritime Museum between approximately Third and Ninth streets. For the Museum District, the panel suggests:

- locating local museums in one area, giving them an identity;
- allowing the Los Angeles Maritime Museum to expand its collection into a new building along the promenade;
- considering opening the old ferry terminal that is currently a part of the Los Angeles Maritime Museum, if the museum has the opportunity to expand; and
- weaving pedestrian waterfront access along and around the existing Los Angeles Maritime Museum building, providing a waterfront promenade wherever possible.

District 1B extends from the edge of the Museum District at approximately Ninth Street to the edge of the main channel, including Ports O' Call. District 1B reinforces the entry to the port. The panel recommends:

- developing a port museum or other public buildings;
- displaying an entry sculpture that will provide a signature statement and an opportunity for new art;
- creating a waterfront park where people can watch the boats—and where cruise ship passengers can watch the people in the park; and
- erecting a collection of public interpretation pavilions in the park to showcase information on the port, local history, or the fishing industry.

The Crescent District follows Crescent Avenue to the Cabrillo Marina. The panel has based its recommendations for the Crescent District on the assumption that the port's plans for the Cabrillo II

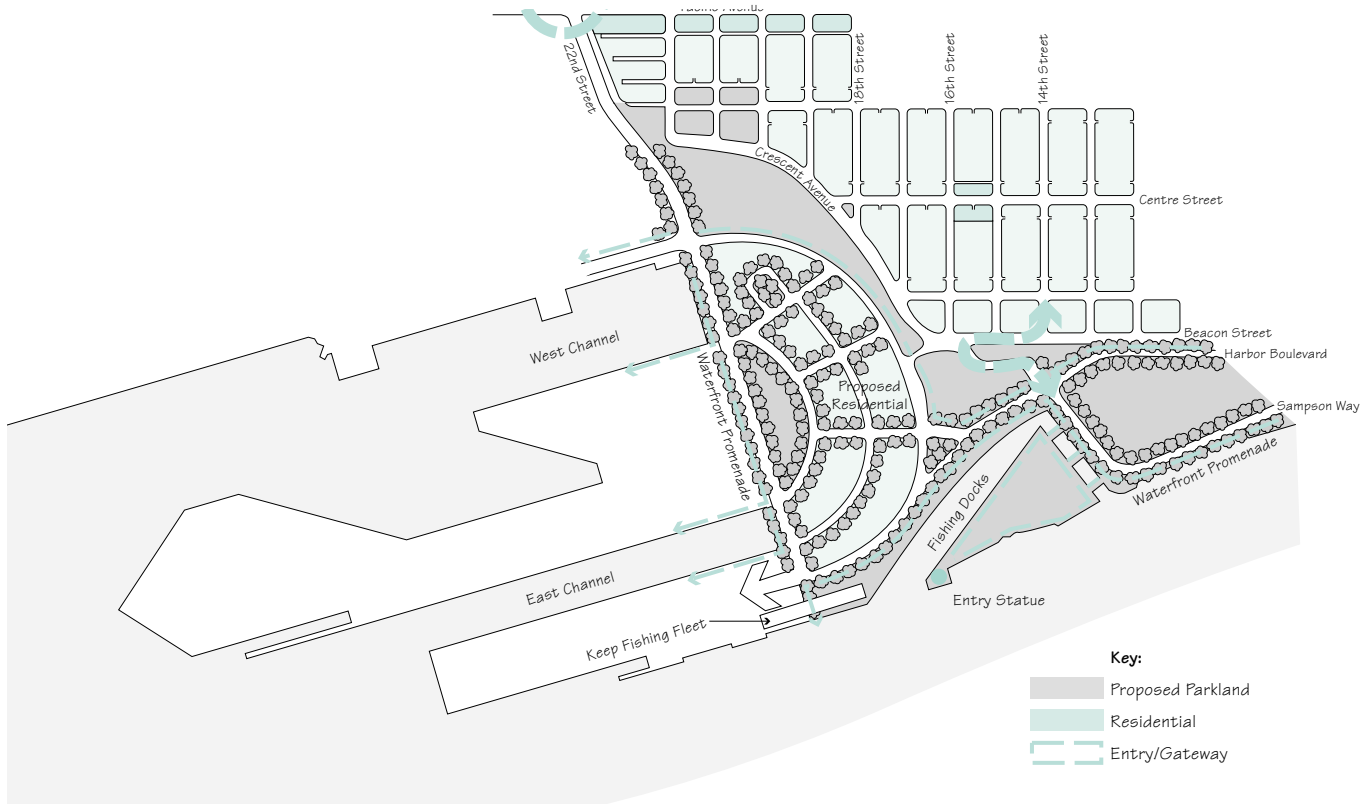


North Opportunities
Diagram Detail: District 1C.

marina will proceed in the near term. However, the panel believes that this land is too valuable for land-based boat sales and would be better used for residential development. The South Opportunities Diagram (on page 22) shows the panel's continued promotion of the promenade and waterfront access where possible along the east/west channel. It also contains the panel's recommendations for developing housing below the bluff in a manner that creates a waterfront subdistrict. Residential development should include the following:

- a street plaza;
- a public green;
- linkages to the waterfront and park;
- ties into existing circulation pattern;
- building mass designed with sensitivity to views; and
- a pedestrian-friendly layout.

The panel suggests that the fishing fleet be maintained, with the addition of a retail fishing store to complement the commercial fish market. The panel did not specifically address Warehouse 1. However, the panel believes that the financial merits of the adaptive use of this building should



South Opportunities Diagram.

be evaluated; if reuse is not cost-beneficial, the structure should be removed to permit a complete redevelopment of the area and the waterfront.

For the H-2 site, the panel recommends the development of a three- to four-story mixed-use building with street-level commercial space topped by residential units. In the illustrations on page 23, the panel suggests a design that focuses on an entry courtyard, with covered arcades lining the commercial space on three sides of the structure with an architectural style and roof lines that reflect those of the local area. A three- to four-story building of this type can provide a transition from the current stock of historic two-story structures to the large commercial buildings from the 1970s.

In terms of the sequencing of physical development, the panel recommends focusing first on the promenade and facade improvements in the central business district. New commercial uses in District 1A should be developed next, connecting the cruise terminal to the bottom of Sixth Street. Development in District 1B should upgrade existing restaurants and shops and introduce new ones at Ports O' Call Village. Then the development of civic buildings, such as an annex for the maritime museum and a waterfront park, should follow.

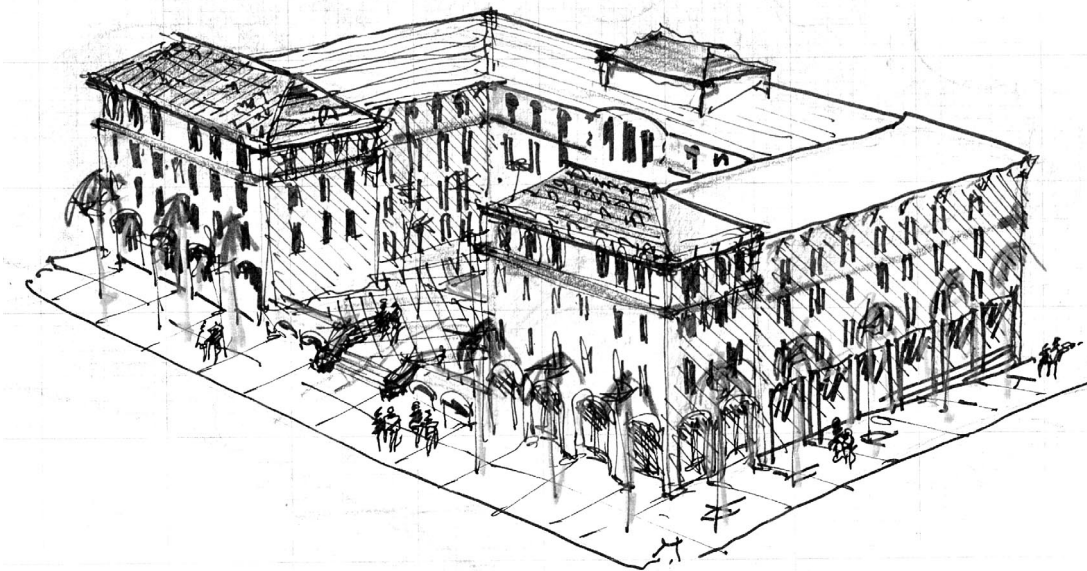
Access and Wayfinding

It is difficult for visitors to locate downtown San Pedro and the waterfront. As depicted in the left-hand illustration on page 24, the entrance to the historic central business district and the waterfront lies well outside these areas. Opportunities exist along the primary vehicle circulation routes—Harbor Freeway, Gaffey Street, and Harbor Boulevard—to use signage to create “gateways” leading visitors to the downtown and the waterfront.

Vehicle access along Pacific Avenue is not welcoming. There are few, if any, signs directing motorists to the waterfront and its amenities. Improvements in access and wayfinding can make San Pedro easier to visit. Consideration should be given to the quality and location of signs to achieve the greatest impact.

Both primary and secondary gateways providing vehicular and pedestrian access to the San Pedro downtown and waterfront are identified in the right-hand illustration on page 24. Signage should be used at these intersections to direct visitors to the downtown, the waterfront, and parking areas, giving consideration to pedestrian circulation routes. The themes for the area should be noted on the signage.

Left and below: Panel's vision for the H-2 site.

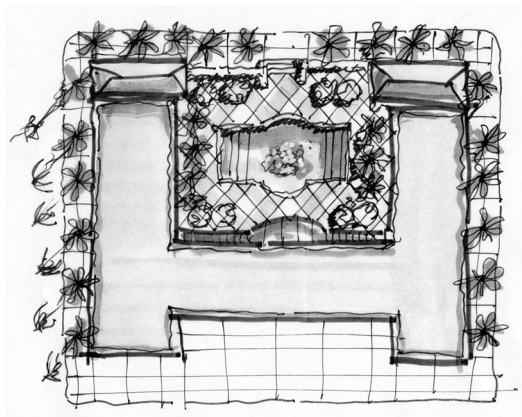


Public infrastructure improvements designed to link the downtown and the waterfront should include pedestrian crosswalks, signalization improvements, clear signage for directions, way-finding and branding, parking upgrades, facade improvements along Sixth and Seventh streets, open space development, and tree planting. The panel's vision for these improvements as they relate to Harbor Boulevard is depicted in the illustration on page 25.

Clustering improvements along the main roads in the central business district that lead to the waterfront can provide greater visual impact, and the use of signage can characterize San Pedro as a place with an identity. Facade improvements, storefront awnings, and other elements that can tie together the restaurants and the shops can create a welcoming atmosphere. Guidelines promoting good design should be set using the many examples of building facade and streetscape improvements that exist in downtown San Pedro as benchmarks to evaluate proposals.

Energize the Downtown and the Waterfront

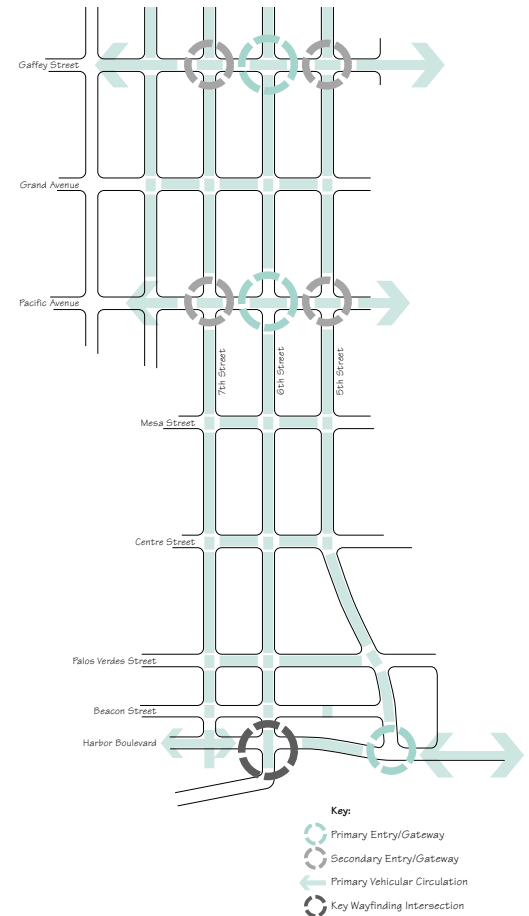
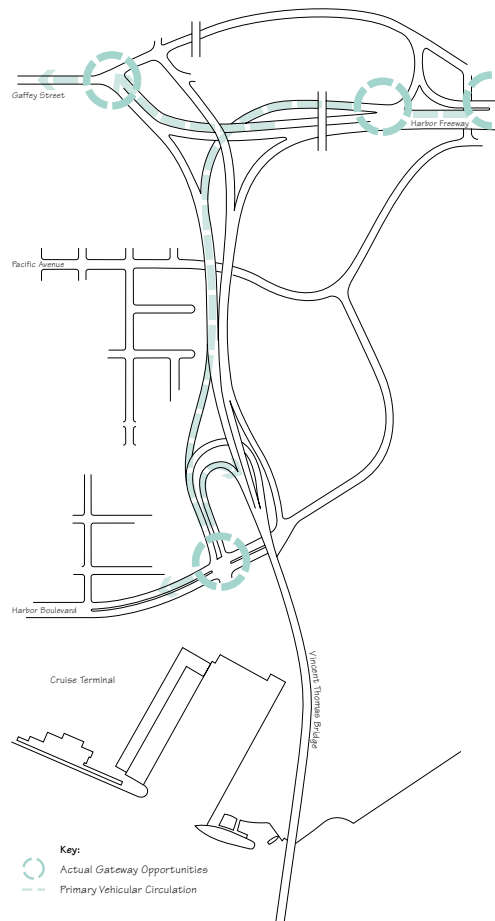
Residential development, especially new market-rate housing, is an effective tool to stimulate existing commercial and residential areas and act as a



catalyst for new retail, office, and tourism uses. The statutory prohibition on housing as an element of the California State Tideland Trust is a serious obstacle to the inclusion of housing along the waterfront. However, the planning benefits of this inclusion, especially in the suggested Crescent District, are significant. Delivering a new intown neighborhood with traditional neighborhood character and at a scale appropriate for a true pedestrian environment, linked to the adjacent recreational and marine uses, would be a significant symbolic step forward in San Pedro's rebirth.

At the same time, developing both market-rate rental and for-sale housing in the downtown district, especially as a component of a mixed-use de-

Entry/gateway diagram, right. Access/wayfinding diagram, far right.



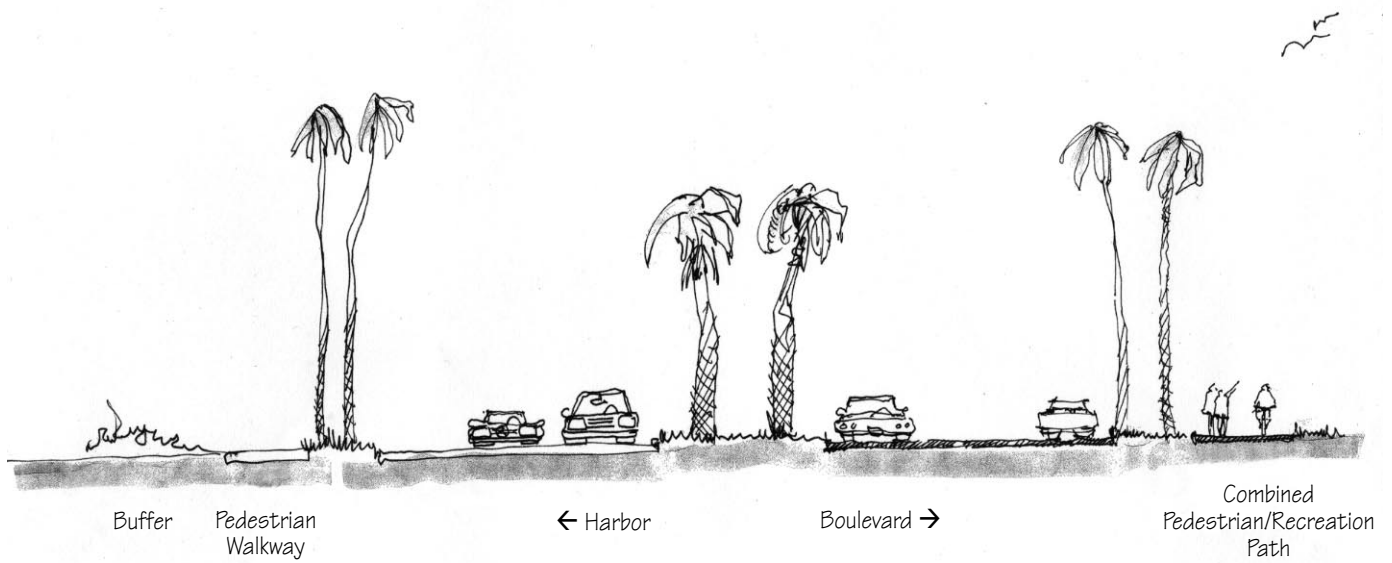
velopment on the H-2 site, and as new discrete infill elements and on the upper floors of renovated commercial buildings, can all activate ground-floor retail uses throughout the downtown area.

This proposed new urban infill and expansion, both at the waterfront and in the downtown commercial district, must maintain the authenticity of the San Pedro experience to excite visitors and comfort residents. A strong design recognizable to San Pedro's longtime populace can incorporate these new elements into the existing fabric and intensify, rather than destroy, the area's unique ambience.

The panel strongly recommends that tired formulas for predictable generic waterfront development should be avoided. It feels that a fresh, yet classic look can greatly enhance the atmosphere

and character of a new development while retaining the historical roots of the community.

Revitalization of the downtown business district, focused primarily on the link between the waterfront and improvements to Sixth and Seventh streets and Pacific Avenue, must be supported by strong and purposeful design guidelines. Some elements of the necessary guidelines are already in place, but responsibility for integrating elements into a clear, concise document within an appropriately defined district, including both the existing commercial areas and the waterfront, should be placed in the hands of a single coordinating agency. Appropriate revisions to zoning specifications as well as the new design guidelines need to be implemented through the creation of an overlay district.



Finally, the execution of the proposed open space and new development of the waterfront will provide clear evidence that a new culture of trust and open communication has become an integral part of the community's character.

The panel's vision for public infrastructure improvements to Harbor Boulevard.

Development Strategies and Implementation

Success in developing the San Pedro waterfront and revitalizing the downtown will depend more on institutional strategies and attitudinal alignment than on real estate per se, in the panel's opinion. San Pedro has been characterized as the "last southern California beach community to revitalize." According to many of the organizations and individuals interviewed by the panel, institutional barriers have impeded redevelopment. Although these barriers have started to fall, this portion of the report addresses a strategy and implementation blueprint to reconnect the waterfront with the community.

At the core of any publicly sponsored development initiative is a common vision and a unified framework for achievement. The panel endorses the community's vision of reconnecting the San Pedro community to the waterfront. In this section on development strategies and implementation, the panel presents an outline of a framework for the community to achieve this vision.

General Guidelines and Principles for Success

During the panel's visit, community leaders and stakeholders repeatedly expressed frustration regarding prior failed development efforts as well as institutionally imbedded conflicts that thwart progress for unified development. Based on the panelists' professional experience and observations, the following are offered as guidelines for success:

- Establish a trust to ensure public access to the waterfront.
- Eliminate confusion among stakeholders.
- Reduce the number of committees with overlapping and missions and members.

- Focus more on specific actionable steps and less on process.
- Integrate all planning and development to specifically address the connection between the waterfront and the community.
- Build on the community's strengths, using the port as an educational opportunity—marine history, arts, and cultural resources—and promoting existing tourism as well as the availability of reasonably priced real estate.

These general guidelines can serve as the mortar that holds together the building blocks of a sustainable development strategy. At the most basic level, the panel recommends a development strategy that includes the following four anchors.

Trust and Transparency Must Be Built into the Development Process

Successful business ventures rely on strong partnerships of mutual benefit and respect. Real estate development on the waterfront can create new buildings and healthier businesses—but these economic efforts will fail if they are not based on a relationship of trust and respect between the port and the community. The port and the community need to commit to a process that is open and participative. Such transparency is vital to building trust.

The panel recommends, as the first step to founding this relationship, the establishment of the San Pedro Community Waterfront Trust to hold the public areas of the waterfront for the benefit of the public at large. The process for capturing economic value at the waterfront will succeed or fail depending on the underlying strength and sustainability of the partnership between the port and the community.

The port's mandate for these lands, to be held in trust for the public, is essentially port development oriented. This mandate serves the port well

when it focuses on its basic mission of cargo, transshipment, and customer service to the international trading community. On the other hand, it is the panel's opinion that the port is inexperienced and not well equipped to focus on public redevelopment of land that is more appropriately used for open space and recreation as well as for cultural, commercial, and residential uses.

Market-Rate Housing Is the Key Economic Driver

The panel believes that the revitalization and the long-term economic health of San Pedro rely on early and aggressive development of market-rate housing adjacent to the waterfront and downtown. Currently, housing land values substantially exceed land values for retail or other commercial uses.

By promoting the development of housing, the community will capture substantial economic value that could be used to fund other activities. In addition, an influx of residents will create demand for goods and services, contributing to the economic viability of retailers both on port property and in downtown San Pedro.

An Upfront Commitment for Port Investment Must Be Made

The panel believes that the port's commitment to cease cargo handling and storage operations on the west side of the channel goes beyond a desire to repair its relationship with the community of San Pedro. This is a good business decision as well, because a vibrant waterfront and downtown will enhance the port's economic strength by creating significant real estate value, increasing the viability of businesses operating on the waterfront, and improving the port's community image.

These are legitimate business objectives that contribute to the port's bottom line. This economic reality warrants the provision of port funding for the promenade and the waterfront recreation area. Upfront investment from the port is particularly important, as this is the foundation upon which all further investment by other parties will depend.

It is beyond the panel's scope of work to quantify the level of upfront investment that may be required. The panel suggests that the port's commitment, at a minimum, should comprise the follow-

ing: the public lands it controls on the west side of the channel for the bridge-to-breakwater promenade; and at least 75 percent of the capital funding for the initial improvements for the first phase of the promenade and the lands for major development sites in the Crescent Area.

Specific Development Targets Must Be Adopted

The panel's impression is that San Pedro has been stuck in a Kafkaesque world of endless planning. Many things have contributed to this scenario: a lack of cooperation between the port and the community; fear that development will contribute to the notion that San Pedro is a social dumping ground; and concern that development will further destroy the character of the downtown.

Circumstances, however, have changed: the relationship with the port has the potential to grow; there is consensus on the need to preserve the character of the downtown; and the panel believes that market forces can be harnessed to produce investment that maintains downtown's authenticity. The development and implementation strategies are designed to capitalize on these changed circumstances and to move as quickly as practicable to capture investment and value.

The implementation of these four strategic initiatives will require cooperation among the port, the chamber of commerce, the CRA, and the community. The continued leadership of Councilwoman Hahn, representing the 15th District, and the mayor will be critical. This leadership will be particularly important in the early stages to ensure that sustainable relationships and cooperation are firmly established.

Oversight and Coordination

The San Pedro community has an advantage in having an organization already in place that is charged with the coordination of existing plans for the waterfront, downtown redevelopment, and integration of the panel's findings and recommendations. This entity—the San Pedro Waterfront and Downtown Task Force—would be the appropriate organization, in the panel's opinion, to oversee a coordinated development process for the waterfront and the downtown. This organization can serve as the public forum where transparency can

be incorporated into the implementation process to build trust and accountability. The charter of this group and its membership will need to be adjusted to reflect this expanded oversight role.

The panel suggests that, as a first step, the port, the city, and the CRA formally ratify this new role for the task force. This task force has been instrumental in promoting the integration of any cohesive waterfront and downtown development plan.

Originally, the task force was anticipated to last six to eight months. However, the panel recommends the extension of its life and the expansion of the sponsor base with the addition of representation from the Los Angeles Visitor and Convention Bureau and the Department of Cultural Affairs. The three initial goals already defined by the task force should be broadened to include ongoing coordination of city and council resources related to the development and maintenance of the waterfront and downtown projects.

Waterfront in Public Trust

The organizational corollary to the task force is a new permanent organization—the San Pedro Community Waterfront Trust. The panel strongly recommends that this new entity be formed as a private, nonprofit organization with fiduciary responsibility for the development and the ongoing operation of the promenade and public open-space areas.

The trust would create a new framework for the management and development of the public areas of the waterfront. This new framework is essential for success to be achieved in the private development of the waterfront and in the revitalization of the downtown.

Having a trust will foster feelings of certainty about the future, which is important when eliciting investment from the real estate community. It also would create the conditions necessary for maximizing community support and outside funding for the promenade and the recreation area.

The trust would be directed by a board composed of seven members who represent the port, the

city, and community interests. The board is expected to consist of the following:

- the port—two members;
- the city (mayor or appointed mayoral representative, or councilmember from the 15th District)—two members;
- the maritime museum/aquarium—one member; and
- the community—two members.

In addition to the governing board, the day-to-day operations of the trust will be supervised by three senior staff consisting of a chief executive officer, a chief financial officer, and a chief operating officer. The senior staff would be hired by the board members and would serve at their discretion.

The panel suggests that the port lease those areas outlined in the recommended waterfront development area, consisting of the right-of-way for the promenade and the public open spaces, on a long-term, nominal basis of 50 years or more with renewals. The port will retain control of all its lands outside of the public rights-of-way for the promenade and the waterside uses and physical structures such as the bulkheads and the existing marina.

The panel encourages the parties to let the museum and aquarium foundations participate in the trust. As the partnership evolves, opportunities for synergy with the trust and the foundations will be great.

It is recommended that the trust staff contract the design of the improvements for the waterfront promenade and significant public areas. In addition, the trust would oversee the day-to-day operations and maintenance responsibilities to outside vendors.

Funding

The panel envisions the port to be a logical source of startup funding for the trust, with trust staff immediately commencing private funding efforts and identification of other funding sources. The activities of the trust would be funded through port and community contributions and assigned development revenues. A cost-sharing agreement be-

tween the port and the trust will need to be an early part of the implementation process. This agreement would create incentives for the trust to seek outside funding for the development and maintenance of the promenade and recreation area. The trust will direct subsequent private fundraising efforts for capital to extend the promenade, and the port will match all raised funds.

Outside funding potentially can come from the federal and state levels, such as the California State Coastal Conservancy. Other foundation support may provide significant grant and fundraising opportunities, especially if tied to programming at the maritime museum and the aquarium.

Funding may be available through the following public and private sources:

- the Public Improvement Arts Program, or Percent for Arts program, which requires 1 percent of the capital improvement cost of all construction, improvement, or remodeling undertaken by the city to be allocated for public art;
- existing capital improvement bond issues;
- the Los Angeles Convention and Tourism Bureau;
- extant economic development resources for business development;
- private investment;
- an expanded business improvement district; and
- public and private grants.

The trust can also be the vehicle for harnessing community financial participation. The recently completed Fisherman's Memorial was funded by over \$200,000 of community donations. San Pedro has deep roots. It is a community that, given the opportunity, could strongly embrace the chance to financially support the revitalization of its waterfront. This can involve sponsorship of selected segments of the promenade by individual community organizations and entail named parks, benches, or other landscape features as has been pursued in Charleston, South Carolina.

Port Investment

The port needs to move quickly to establish a capital line item for the construction of Phase I, consisting of the promenade and arrival plaza. This upfront commitment of the Phase I rights-of-way and funding for the promenade and the recreation area south of the maritime museum is necessary to create value for both the retail and housing developments. Without this commitment, establishing the momentum of ongoing private real estate development at the waterfront will be a challenge. Early funding of District IA, which extends from the cruise ship terminal to the maritime museum, including the arrival plaza, is a vital prerequisite to capitalizing on real estate development opportunities.

This initial port investment must consider how to address the ongoing funding commitment necessary to maintain and develop the land controlled by the trust. The panel recommends that the port assign development revenues from the retail and housing development areas to the trust, thus substantially lowering its net obligation. Housing development, in particular, is likely to provide both substantial value and significant funding.

Funding formulas should also include incentives for maximizing outside resources so that the trust will aggressively pursue federal, state, foundation, and community support. Furthermore, the funding agreement must recognize the need to create long-term, ongoing, and sustainable funding for the trust.

Private Development at the Waterfront

The process for proceeding with private development of the retail and housing sites needs a credible framework, in the panel's opinion. This development process must be predictable—to the development community and to the San Pedro community. The panel suggests that the San Pedro Downtown and Waterfront Task Force assume primary responsibility for coordinating this process.

The panel recommends new private development in three principal areas: a new retail, commercial, and restaurant center proximate to the cruise ship terminal; new housing in the Crescent Area; and



There are many existing examples of appropriate building renovations and streetscape enhancements in San Pedro that can be used as a benchmark to evaluate new proposals.

housing and adjacent development in the downtown. The panel envisions the responsibility for public sponsorship of the private development projects to be the port's, the waterfront taskforce's, and the CRA's. The panel specifically does not recommend the San Pedro Community Waterfront Trust to engage in or sponsor private real estate development; instead, this new entity will focus solely on public improvements and operations of public lands, and should not get distracted by private land development.

To coordinate private development projects, the panel recommends taking five actions.

Create Design and Development Standards for Both the Waterfront and the Downtown

As the panel's design recommendations indicate, a key contributor to the success of waterfront development will be its physical character and "connection" to the downtown. Before retaining developers, the port and the community must adopt uniform design standards for the waterfront and the downtown. These standards need to complement one another. They also should address issues such as functional connections of private property to the public use areas of the waterfront as well as architectural vernacular, building features, parking, building massing, and open space. These design and development standards are intended to

create a compatible look and address an overall design character, rather than uniformity.

Craft Understandable Disposition and Development Standards

Before any development proposals are made public, the panel recommends the creation of a common framework for evaluation and selection of development proposals and negotiation of agreements. This will eliminate uncertainty as to how the process works and the end result.

Use an RFQ Process to Recruit Housing and Retail Developers

Shortly after adopting design standards, the responsible organizations—the port, the task force, and the CRA—should issue requests for qualifications (RFQs) for private development of their respective areas of responsibility. The RFQ process allows developers to be evaluated based on their experience, ability to attract tenants, financial capacity, design capability, and ability to work with the community. This avoids a developer "beauty contest." It also is a lower-cost process for developers and is more likely, as a consequence, to elicit a greater response from the development community.

Finalize Private Development Plans Based on Competitive Business Terms and a Specific Site Plan

After a transparent selection process has been completed, the chosen developers should be asked to prepare specific site development plans. Based on agreed-upon terms and guidelines adopted prior to the selection process, these plans would be consistent with well-stated public objectives and baseline financial terms.

Extend the Two Redevelopment Areas to Encompass the Waterfront, Where Possible

This will fulfill the objective of a "seamless interface between the waterfront and the downtown" and will capture the tax increment value of new private development necessary to ensure long-term financing and sustainability.

Housing will be a principal economic engine of waterfront development and downtown revitalization. The panel calls specific attention to the housing sector in order to maximize its economic contribution to the waterfront revitalization and

reconnection process. It recommends that the following four steps be taken.

Remove the Impediments to Developing Housing at the Waterfront

The Crescent Area housing development on the waterfront property has the potential to provide substantial revenue for use in developing the public amenities of the promenade and recreation areas. Other California ports have found ways to address the impediment cited by the Port of Los Angeles that the California State Tidelands Trust Act, passed in 1911, prevents the residential development of tidelands property. Because the development of housing is so important to the overall economic viability of the waterfront, the panel recommends that the port immediately pursue all practical efforts to remove this burden.

Establish Three CRA-Sponsored Programs to Encourage the Development of Market-Rate Housing in and Adjacent to the Downtown

These include the following: a revolving fund to purchase underutilized industrial and commercial sites in and around the downtown and reconvey them for market-rate residential development; a revolving fund to preserve single-family market-rate housing throughout the Pacific Corridor Redevelopment Area; and assembling sites for the development of market-rate housing in the downtown.

These three programs focus on producing and preserving market-rate housing and, thus, may necessitate the use of nonhousing redevelopment funds. Market-rate housing in the downtown is vital to increase the spending power and thus spur additional commercial development in the downtown.

Market the H-2 Site for Market-Rate, Mid-Rise Multifamily Development

Development of the H-2 site as a market-rate, mid-rise, and mixed-use residential property can be an important early step toward repopulating the downtown.

Acquire the Old Logicon Building and Market the Property for Housing

The market evaluation section of this report gives little support to the notion that an office use is likely in the old Logicon building. The CRA should acquire and demolish this structure so that the



site could be used for development of housing similar to that recommended for the H-2 site.

The undeveloped H-2 site is in the foreground.

Preserve Downtown's Character

Consistent, thoughtful design guidelines are an important development prerequisite for the downtown. The panel strongly recommends that these be adopted as a zoning overlay to ensure the preservation of downtown's character as new private investment occurs.

The city of Los Angeles and the San Pedro Chamber of Commerce are currently working together to revive the former Business Improvement District (BID), which has been inactive for several years. This BID can be a potent vehicle for the San Pedro revitalization strategy. Its main function was to ensure frequent trash pickup in the downtown. Now, trash pickup and public safety should be only a starting point.

Current efforts should revitalize and expand the boundary of the BID and the scope of the San Pedro Old Town Business Improvement District to include the waterfront development area and a marketing program to handle the branding of San Pedro. The BID should also perform traditional tasks—street cleaning, trash removal, lighting, enhanced public safety, signage, and physical maintenance.

The panel recommends reviving the BID with an urgent need to expand its scope and to include all stakeholders at the table. The effort to reestablish

the BID should move quickly ahead and comprise the following:

- promotional events, marketing, signage, and branding ought to be undertaken;
- the service area should be expanded to include Pacific Avenue;
- retailers on the waterfront should be required to participate;
- the chamber of commerce, the CRA, and the BID should work together to get an access plan implemented by CALTRANS and the city; and
- the museum and aquarium ought to be included in the BID to coordinate promotion and marketing.

Currently, businesses in San Pedro's downtown lack the economic resources to support a BID with an expanded scope. The panel recommends that the chamber pursue a three-year grant from the city to fund the startup costs of the rejuvenated BID with the commitment that it be self-supporting thereafter. The addition to the BID of the retail businesses developed at the waterfront can contribute significantly to its long-term viability. Adding the prescribed waterfront retail, the museum, and the aquarium to the BID will make it more effective at branding and promoting the attractions of San Pedro.

Conclusion

The waterfront has always been central to San Pedro's economic vitality. Now, San Pedro has a unique opportunity to capitalize on powerful market forces to create a new, publicly oriented waterfront and new private development. The ability to take advantage of this opportunity will depend initially upon the removal of the institutional constraints that have thwarted redevelopment efforts in the past. The panel was impressed with the apparent commitment among all the parties to common goals.

It is acutely clear to the panel that the time for action is now. It is also apparent that there is a driving urgency in the community at large and in the elected and civic leadership to get development underway. The panel heard the same thing from virtually all quarters: cease the planning and get on with development. The panel was also repeatedly informed by citizens and civic leaders that "the stars are aligned" for action to occur.

In the real estate development industry, "going with the flow" generally begets success. Those who develop, finance, and invest in private development projects, however, have learned that timing is only part of equation. Equally important in the crucible of success is laying the proper foundation for action—and laying such a foundation requires careful planning, aligning of resources to execute, and properly assessing risks.

The panel cautions: focusing on completing a project for the sake of timing opportunity or expediency could undermine a long-term sustainable reinvestment. The history of hastily executed projects is generally a tale of long-term trouble. The panel is equally concerned that the initial projects—be they public, private, or public/private joint ventures—set the standard. This standard would include:

- high-quality design;
- integration with the existing fabric of the community; and
- high visibility in order to change the current investment climate.

Successful execution of early projects will change the investment climate in San Pedro and attract even more investment.

Though the panel concurs that the time for action is now, it cautions that there remain significant organizational, regulatory, and financial details to refine, as well as project-level detail planning yet to occur. The panel is confident, however, that with the proper leadership, the city of Los Angeles, the CRA, the port, and the San Pedro community can now fully engage the development process.

About the Panel

J. Kevin Lawler

Panel Chair

West Palm Beach, Florida

Lawler is the managing partner of N-K Ventures, LC, a development company founded in 2001 that specializes in urban mixed-use/residential development projects. Located in West Palm Beach, the firm focuses on projects in southeast Florida.

Prior to forming N-K Ventures, Lawler was a partner in the Washington, D.C., and Miami offices of a national financial services firm, where he was responsible for real estate transactional advisory services for private, corporate, and public clients. Lawler has over 25 years of experience in advising private and public clients on large-scale commercial and residential development projects; portfolio transactions; and financing and commercial leasing matters throughout the United States and overseas. In total, he has been an adviser in more than \$5 billion of real estate development, finance, and investment transactions over his consulting career. Lawler currently works for the cities of Daytona Beach and Miramar, serving as a real estate financial adviser on several large-scale public/private development projects.

Lawler is an active member of ULI. In addition to serving in the Institute's "leadership group," he serves on the policy and practice committee and is a member of the Multifamily Council (Gold Flight). Lawler has served on ten Advisory Services panels and several project analysis teams, and has been a vice chair of ULI's Southeast Florida District Council. In October 2000, ULI recognized his service with the Robert O'Donnell Award.

He has lectured on real estate development and finance at George Washington University Business School, the Wharton School, Harvard Business School, Georgetown University, and the University of Miami. Lawler is a graduate of Michigan

State University and received an MCP degree from the Kennedy School of Government at Harvard University.

Ed Freer, ASLA

Madison, Wisconsin

Freer, the principal designer with SmithGroup JJR, has expertise in urban design, community planning, and waterfront redevelopment. Residing in and practicing out of SmithGroup JJR's waterfront studio in Madison, Wisconsin, he offers a substantial portfolio dealing with waterfront communities in the upper Midwest, with a focus on the Great Lakes.

Freer has worked on projects from conceptualization through construction, with extensive involvement during all phases. He has also generated community support for design initiatives so that early enthusiasm maintains momentum and ultimately achieves public endorsement.

As principal designer, Freer is currently working on the following: waterfront development projects in the metropolitan St. Paul, Minnesota, area; downtown Sanford, Florida; New Rochelle, New York; Racine, Wisconsin; and a number of small cities on the Mississippi River.

As a result of his professional experience, Freer has been invited to lecture at a number of universities; has become a resource member of the Mayor's Institute on City Design; has participated in the U.S. Department of Commerce's Symposium on Economic Development of Tourism and Destination Resorts, Athens, Greece; and has taken part in the 27th International Making Cities Livable Conference, Vienna, Austria.

He received degrees in environmental design and landscape architecture from the State University of New York and Syracuse University.

Diana Gonzalez

Miami, Florida

In 1995, Gonzalez started DMG Consulting Services, Inc., a management consulting firm specializing in economic development and project implementation. Since 1996, DMG has served as the in-house consultant for the Beacon Council, Miami-Dade County's official economic development organization. Projects managed by DMG for the Beacon Council include the Homestead Reuse Plan, the South Miami-Dade Marketing Program, and the development and coordination of the Miami-Dade Defense Alliance.

Prior to entering the private sector, Gonzalez was employed by Miami-Dade County as the director of the Department of Development and Facilities Management. This agency provided central support services in the areas of real estate acquisition and leasing, facility management, and building construction.

Gonzalez received her bachelor of arts degree from the University of Florida. She began her career with Miami-Dade County immediately after receiving her master's degree from Northeastern University in 1979. In 1989, she attended the Senior Executive Program in State and Local Government at the John F. Kennedy School of Government.

Beginning as a management intern, Gonzalez worked for most of her county career in the capital improvement and development fields. County land acquisitions, architect and engineer selection, and capital budget expenditure oversight were some of her responsibilities in the Capital Improvements Division. In 1989, the division was merged with the county's facilities and construction management divisions and she was named director of the new Department of Development and Facilities Management.

Edwin R. (Ray) Kimsey, Jr.

Atlanta, Georgia

Kimsey is vice president and a principal of Niles Bolton Associates (NBA), a professional design firm providing architecture, interior design, land-

scape architecture, and urban planning services. A licensed architect in seven states, Kimsey received a bachelor of arts degree and a master of architecture degree from Yale University and has been with NBA for 22 years.

NBA developed a national reputation for work in mixed-use developments, multifamily housing, transportation architecture, department stores, universities, clubhouses, hotels, and resorts. With exposure to diverse project types and geographic locations, Kimsey has had extensive experience in working with both private and public organizations. He is currently principal-in-charge of the San Jose State University Campus Village, a \$171 million mixed-use project.

Kimsey has been active in numerous business and civic associations, including the Urban Land Institute, the American Institute of Architects, and the Atlanta Partnership of Education. As president of the Buckhead Business Association, he was the lead facilitator for a community visioning charrette for Atlanta's premier business and retail neighborhood. Kimsey served on the ULI Advisory Services panel for the California state capital in Sacramento and has been a vice chair of ULI's residential and multifamily councils.

Charles A. Long

Reno, Nevada

Long specializes in public/private partnerships, economic development, and real estate finance. His consultant practice serves public and private clients in Nevada and California.

Long was city manager of Fairfield, California, where he negotiated the first municipal participation agreement with a regional shopping mall. Since leaving the public sector in 1996, Long has worked on a wide range of issues, including base reuse, developer negotiations, project feasibility analysis, marketing, redevelopment, strategic planning, and public finance.

Long has lectured for the School of Public Administration at Golden Gate University and has taught economic development and organizational change internationally. He also has served on ULI Advi-

sory Services panels and is a faculty member for the Urban Land Institute, teaching the advanced real estate development process course. Long has an MPA degree from the School of Public Policy at the University of California at Berkeley and a bachelor's degree in economics from Brown University.

Lisa Mitchelson

Boston, Massachusetts

Mitchelson manages approximately \$800 million in real estate portfolios on behalf of three pension-fund clients. She serves as her clients' primary contact and participates in all matters pertaining to their portfolios, including the development and implementation of investment strategies, and the monitoring of performance relative to client objectives. Previously, Mitchelson held the position of managing director of portfolio management for GE Capital Investment Advisors (GECIA).

Mitchelson has 17 years of real estate experience. At GECIA, she also served as a vice president in the asset management group, a position in which she oversaw more than \$500 million in commercial and multifamily assets. Her responsibilities included developing strategic property business plans, reviewing and approving property operating budgets, negotiating leases, performing hold/sell analyses, and managing asset dispositions.

Mitchelson joined a predecessor entity of GECIA in 1987, having begun her real estate career as a financial analyst for Claremont Corporation in 1985. There, she performed financial analysis relating to acquisitions, dispositions, asset management, property management, and real estate syndications.

Mitchelson is a certified property manager and a member of the Institute for Real Estate Management. She holds a bachelor's degree in business administration, with a concentration in finance, from Northeastern University.

Jennifer Meoli Stanton

Charlotte, North Carolina

Stanton is the director of market planning and advisory services for Faison, identifying acquisition and development opportunities for investors, cre-

ating business plan strategies for challenging real estate projects and portfolios, preparing store rollout plans for retailers, and doing due diligence on real estate decisions for retail and corporate real estate clients.

From 1998 to March 2002, Stanton was vice president of Research and Market Planning Services at Trammell Crow Company. She operated the firm's Research and Market Planning Services unit, providing strategic planning, site selection, real estate portfolio analysis, marketing presentations, and merchandising plans for internal and external fee clients, including developers, retailers, capital investors, property managers, and brokers.

Stanton was director of research at Faison from 1995 to 1998, and served on Faison's Capital Control Board reviewing investment opportunities. She also produced Faison's *Market Focus* report, a detailed review of economic, demographic, and real estate market performance and opportunities in ten major U.S. cities.

From 1987 to 1993, Stanton was associate professor at Elizabethtown College and Indiana University of Pennsylvania, teaching MBA- and senior-level courses on consumer behavior, marketing, advertising management, and retail strategy. She was project manager for Business Resources Group, a consortium of academic and industry professionals that provides research projects, business plans, seminars, workshops, and training services to business and government clients.

Stanton received a PhD and an MS in consumer behavior and retail management from Purdue University in 1987, and a bachelor's degree in psychology, sociology, and communications from the State University of New York at Cortland in 1983.